

MOULTON-UDELL COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2008

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Moulton-Udell Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September 2007 Election)		
Marlan Korthaus	President	2008
Rodger Kaster	Vice-President	2007
Randy Welch	Board Member	2009
Jerilyn Inman	Board Member	2009
Travis Harris	Board Member	2008

Board of Education (After September 2007 Election)		
Marlan Korthaus	President	2008
Travis Harris	Vice-President	2008
Randy Welch	Board Member	2009
Jerilyn Inman	Board Member	2009
Justin McCoy	Board Member	2010

School Officials		
Rich Turner	Superintendent	2008
Marvin Judkins	Business Manager	2008
Lisa Swarts	Board Secretary	2008
Marilyn Wood	District Treasurer	2008
Richard Gaumer	Attorney	2008

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3040

Telephone (641) 792-1910

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Moulton-Udell Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Moulton-Udell Community School District, Moulton, Iowa as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Moulton-Udell Community School District at June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year ended in conformity with U.S. generally accepted accounting principles.

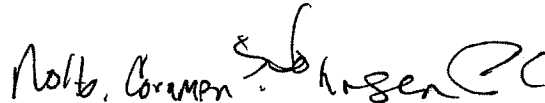
In accordance with Government Auditing Standards, we have also issued our report dated January 19, 2009 on our consideration of Moulton-Udell Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 12 and 33 through 34 are not required parts of the basic financial statements, but are supplementary

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information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Moulton-Udell Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the two years ended June 30, 2007 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Another auditor previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for two years ending June 30, 2005 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Other supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


NOLTE, CORNMAN & JOHNSON, P.C.

January 19, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

Moulton-Udell Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2008 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$2,166,882 in fiscal 2007 to \$2,336,274 in fiscal 2008, General Fund expenditures increased from \$2,258,701 in fiscal 2007 to \$2,299,708 in fiscal 2008. This resulted in the District's General Fund balance to increase from \$345,838 in fiscal 2007 to \$383,393 in fiscal 2008, a 10.86% increase from the prior year.
- The increase in General Fund revenues was attributable to an increase in local tax, tuition, and state sources in fiscal 2008. The increase in expenditures was due primarily to an increase in regular instruction and special instruction.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Moulton-Udell Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Moulton-Udell Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Moulton-Udell Community School District acts solely as an agent or custodial for the benefit of those outside of District government.

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

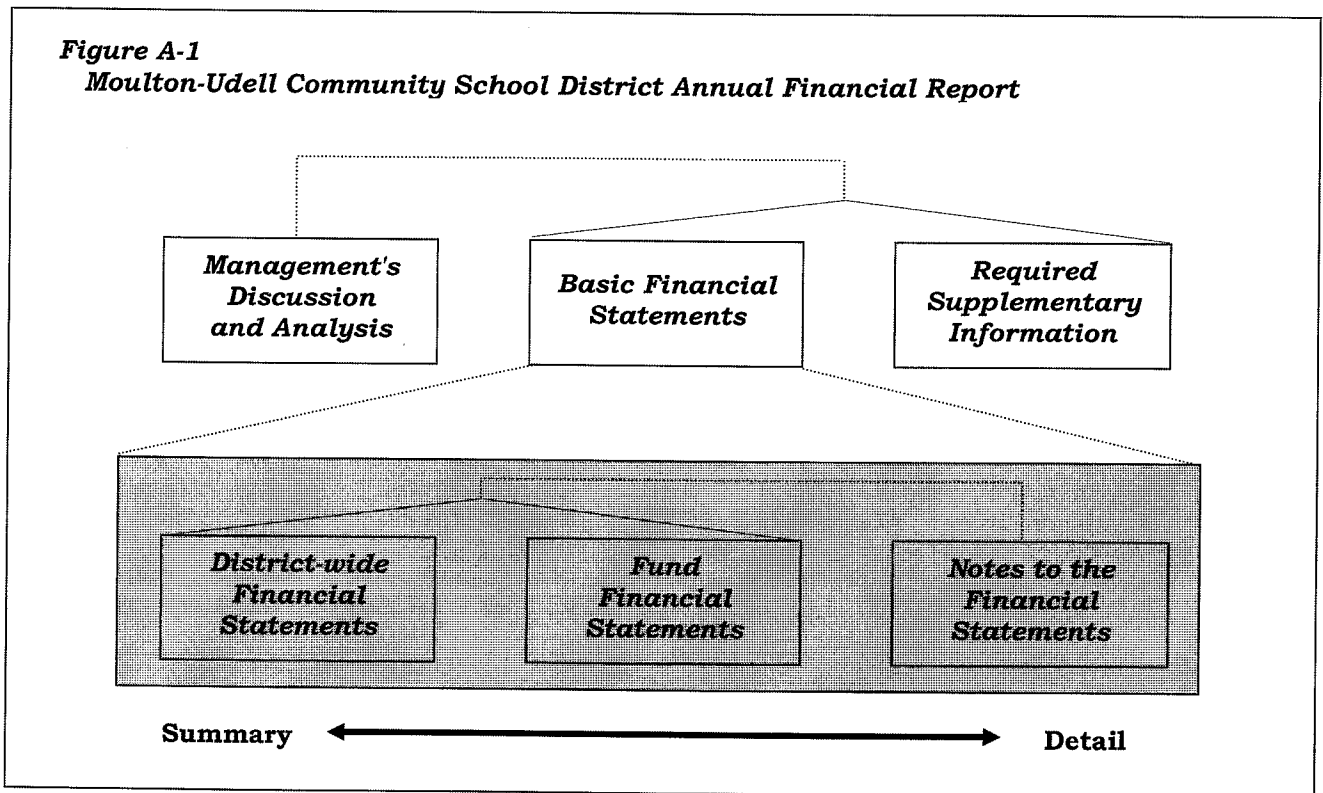


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2
Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of revenues, expenses and changes in net assets • Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has two kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for the governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide

financial statements. The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has one enterprise fund, the School Nutrition Fund.

The required financial statements for the proprietary funds include a statement of revenues, expenses and changes in net assets and a statement of cash flows.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's total net assets at June 30, 2008 compared to June 30, 2007.

Figure A-3
Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-08
Current and other assets	\$ 2,072,806	1,774,046	6,913	2,636	2,079,719	1,776,682	17.06%
Capital assets	787,750	772,592	18,831	22,268	806,581	794,860	1.47%
Total assets	2,860,556	2,546,638	25,744	24,904	2,886,300	2,571,542	12.24%
Long-term obligations	2,416	8,573	0	0	2,416	8,573	-71.82%
Other liabilities	1,196,556	1,047,005	13,200	3,206	1,209,756	1,050,211	15.19%
Total liabilities	1,198,972	1,055,578	13,200	3,206	1,212,172	1,058,784	14.49%
Net assets:							
Invested in capital assets, net of related debt	787,750	771,527	18,831	22,268	806,581	793,795	1.61%
Restricted	439,530	321,197	0	0	439,530	321,197	36.84%
Unrestricted	434,304	398,336	(6,287)	(570)	428,017	397,766	7.61%
Total net assets	\$ 1,661,584	1,491,060	12,544	21,698	1,674,128	1,512,758	10.67%

The District's combined net assets increased by 10.67% or \$161,370, compared to the prior year. The largest portion of the District's net assets is the invested in capital assets, net of related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased \$118,333, or 36.84% over the prior year.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased \$30,251, or 7.61%.

Figure A-4 shows the changes in net assets for the year ended June 30, 2008 compared to June 30, 2007.

Figure A-4
Changes of Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total Change
	2008	2007	2008	2007	2008	2007	2007-08
Revenues and Transfers:							
Program revenues:							
Charges for services	\$ 330,666	262,901	36,642	38,822	367,308	301,723	21.74%
Operating grants and contributions and restricted interest	354,326	340,911	47,861	46,851	402,187	387,762	3.72%
Capital grants and contributions and restricted interest	4,805	18,300	0	0	4,805	18,300	-73.74%
General revenues:							
Property tax	836,522	815,187	0	0	836,522	815,187	2.62%
Local option sales and services tax	132,309	129,179	0	0	132,309	129,179	2.42%
Unrestricted state grants	1,012,229	920,413	0	0	1,012,229	920,413	9.98%
Other	30,475	44,034	53	106	30,528	44,140	-30.84%
Transfers	0	0	0	15,538	0	15,538	-100.00%
Total revenues	2,701,332	2,530,925	84,556	101,317	2,785,888	2,632,242	5.84%
Program expenses:							
Governmental activities:							
Instructional	1,592,044	1,565,955	0	0	1,592,044	1,565,955	1.67%
Support services	725,991	774,964	1,057	0	727,048	774,964	-6.18%
Non-instructional programs	0	0	92,653	99,505	92,653	99,505	-6.89%
Other expenses	212,773	198,763	0	0	212,773	198,763	7.05%
Total expenses	2,530,808	2,539,682	93,710	99,505	2,624,518	2,639,187	-0.56%
Changes in net assets	170,524	(8,757)	(9,154)	1,812	161,370	(6,945)	-2423.54%
Beginning net assets	1,491,060	1,499,817	21,698	19,886	1,512,758	1,519,703	-0.46%
Ending net assets	\$ 1,661,584	1,491,060	12,544	21,698	1,674,128	1,512,758	10.67%

In fiscal 2008, local tax and unrestricted state grants account for 73.33% of the revenue from governmental activities while charges for services and operating grants and contributions account for 99.94% of the revenue from business type activities.

The District's total revenues were approximately \$2.78 million of which \$2.70 million was for governmental activities and \$0.08 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 5.84% increase in revenues and a 0.56% decrease in expenses.

Governmental Activities

The following table presents the total and net cost of the District's major governmental activities: instruction, support services and other expenses.

Figure A-5
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2008	2007	Change 2007-08	2008	2007	Change 2007-08
Instruction	\$ 1,592,044	1,565,955	1.67%	987,566	1,039,521	-5.00%
Support services	725,991	774,964	-6.32%	725,673	774,914	-6.35%
Other expenses	212,773	198,763	7.05%	127,772	103,135	23.89%
Totals	\$ 2,530,808	2,539,682	-0.35%	1,841,011	1,917,570	-3.99%

- The cost financed by users of the District's programs was \$330,666.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$354,326.
- The net cost of governmental activities was financed with \$836,522 in property tax, \$132,309 in local option sales and services tax, \$1,012,229 in unrestricted state grants and \$30,475 in interest income.

Business-Type Activities

Revenues of the District's business-type activities were \$84,556 and expenses were \$93,710. The District's business-type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, the Moulton-Udell Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balances of \$819,509, above last year's ending fund balances of \$670,300. The primary reason for the increase in combined fund balances in fiscal 2008 is due to an increase in total revenues and a decrease in total expenditures over the prior year.

Governmental Fund Highlights

- The District's General Fund increased \$37,555. Overall total expenditures increased, however the expenditures in other instruction, student support services and administration services expenditures actually decreased. An increase in local tax, tuition and state revenue was enough to offset the decrease in other and federal revenues. Total revenues increased \$169,392, which was an increase of 7.82%.
- The Capital Projects Fund balance increased from \$212,500 in fiscal 2007 to \$250,246 in fiscal 2008. Revenues increased 1.07% or \$1,498 from the prior year. Expenditures decreased \$11,764 over the prior year. This decrease was due to a decrease in transportation services expenditures.
- The Physical Plant and Equipment Levy (PPEL) Fund balance increased from \$29,277 in fiscal 2007 to \$73,949 in fiscal 2008. This increase was partially due to a decrease in facilities acquisitions expenditures.

-
- The Management Levy Fund balance increased from \$22,421 to \$49,057 due to an increase in property tax levy during the current year.

Proprietary Fund Highlights

The Proprietary Funds net assets decreased from \$21,698 at June 30, 2007 to \$12,544 at June 30, 2008, representing a decrease of 42.19%. For fiscal 2008, the District received decreased monies from charges for services and no monies from capital contributions.

BUDGETARY HIGHLIGHTS

Over the course of the year, Moulton-Udell Community School District amended its annual budget one time to reflect additional expenditures associated with the instruction, support services, and other expenditures areas.

The District's revenues were \$78,635 more than budgeted revenues. The most significant variance resulted from the District receiving more in local sources than originally anticipated.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, the District had invested \$806,581, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This amount represents a net increase of 1.45% from last year. More detailed information about capital assets is available in Note 6 to the financial statements. Depreciation expense for the year was \$70,784.

The original cost of the District's capital assets was \$2,201,979. Governmental funds account for \$2,135,299 with the remainder of \$66,680 in the Proprietary funds.

The largest change in capital asset activity during the year occurred in the machinery and equipment category. The District's machinery and equipment totaled \$142,052 at June 30, 2008, compared to \$99,605 reported at June 30, 2007. This increase resulted primarily from the purchase of one suburban, high school lockers, phone system and wheelchairs lift.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-08
Land	\$ 2,000	2,000	0	0	2,000	2,000	0.00%
Buildings	640,387	669,815	0	0	640,387	669,815	-4.60%
Land improvements	22,142	23,440	0	0	22,142	23,440	-5.86%
Machinery and equipment	123,221	77,337	18,831	22,268	142,052	99,605	29.88%
Total	\$ 787,750	772,592	18,831	22,268	806,581	794,860	1.45%

Long-Term Debt

At June 30, 2008, the District had \$2,416 in early retirement outstanding. This represents a decrease of 71.8% from last year. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 7 to the financial statements.

Figure A-7
Outstanding Long-Term Obligations

	Total School District		Total Change
	June 30,		June 30,
	2008	2007	2007-08
Capital lease obligations	\$ 0	1,065	-100.0%
Early retirement	2,416	7,508	-67.8%
Totals	\$ 2,416	8,573	-71.8%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The District has experienced declining enrollment for past five years, the District expects this trend to continue the next few years.
- Two major employers in neighboring Centerville have closed and laid-off hundreds of employees. This has impacted Moulton-Udell. Recently, employment opportunities appear to be improving in Centerville.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lisa Swarts, Board Secretary, Moulton-Udell Community School District, 305 East 8th, Moulton, Iowa, 52572.

BASIC FINANCIAL STATEMENTS

MOULTON-UDELL COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments:			
ISCAP(Note 5)	\$ 314,904	0	314,904
Other	707,679	741	708,420
Receivables:			
Property tax:			
Delinquent	27,036	0	27,036
Succeeding year	809,263	0	809,263
Income surtax	56,741	0	56,741
Interfund	16,494	0	16,494
Accounts	593	1,045	1,638
Accrued interest - ISCAP(Note 5)	2,002	0	2,002
Due from other governments	117,508	39	117,547
Prepaid items	20,586	0	20,586
Inventories	0	5,088	5,088
Capital assets, net of accumulated depreciation(Note 6)	787,750	18,831	806,581
Total Assets	2,860,556	25,744	2,886,300
Liabilities			
Interfund payable	3,294	13,200	16,494
Accounts payable	65,171	0	65,171
ISCAP warrants payable(Note 5)	313,000	0	313,000
ISCAP accrued interest payable(Note 5)	2,005	0	2,005
ISCAP unamortized premium	3,823	0	3,823
Deferred revenue:			
Succeeding year property tax	809,263	0	809,263
Long-term liabilities(Note 7):			
Portion due within one year:			
Early retirement payable	2,416	0	2,416
Total Liabilities	1,198,972	13,200	1,212,172
Net Assets			
Investment in capital assets, net of related debt	787,750	18,831	806,581
Restricted for:			
Early intervention	23	0	23
Beginning teacher mentoring	265	0	265
Teacher compensation	1,591	0	1,591
Professional development	1,931	0	1,931
Market factor	1,990	0	1,990
Capital projects	250,246	0	250,246
Physical plant and equipment levy	73,949	0	73,949
Management levy	46,641	0	46,641
Other special revenue purposes	62,894	0	62,894
Unrestricted	434,304	(6,287)	428,017
Total Net Assets	\$ 1,661,584	12,544	1,674,128

SEE NOTES TO FINANCIAL STATEMENTS.

MOULTON-UDELL COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business-Type Activities	
Governmental activities:							
Instruction:							
Regular instruction	\$ 953,951	109,540	261,609	0	(582,802)	0	(582,802)
Special instruction	262,503	58,244	12,521	0	(191,738)	0	(191,738)
Other instruction	375,590	162,564	0	0	(213,026)	0	(213,026)
	<u>1,592,044</u>	<u>330,348</u>	<u>274,130</u>	<u>0</u>	<u>(987,566)</u>	<u>0</u>	<u>(987,566)</u>
Support services:							
Student services	14,557	0	0	0	(14,557)	0	(14,557)
Instructional staff services	89,418	0	0	0	(89,418)	0	(89,418)
Administration services	293,635	0	0	0	(293,635)	0	(293,635)
Operation and maintenance of plant services	173,677	0	0	0	(173,677)	0	(173,677)
Transportation services	154,704	318	0	0	(154,386)	0	(154,386)
	<u>725,991</u>	<u>318</u>	<u>0</u>	<u>0</u>	<u>(725,673)</u>	<u>0</u>	<u>(725,673)</u>
Other expenditures:							
Facilities and acquisitions	101,851	0	0	4,805	(97,046)	0	(97,046)
Long-term debt interest	0	0	0	0	0	0	0
AEA flowthrough	80,196	0	80,196	0	0	0	0
Depreciation(unallocated)*	30,726	0	0	0	(30,726)	0	(30,726)
	<u>212,773</u>	<u>0</u>	<u>80,196</u>	<u>4,805</u>	<u>(127,772)</u>	<u>0</u>	<u>(127,772)</u>
Total governmental activities	2,530,808	330,666	354,326	4,805	(1,841,011)	0	(1,841,011)
Business-Type activities:							
Support services:							
Administration services	310	0	0	0	0	(310)	(310)
Operation and maintenance of plant services	747	0	0	0	0	(747)	(747)
	<u>1,057</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,057)</u>	<u>(1,057)</u>
Non-instructional programs:							
Nutrition services	92,653	36,642	47,861	0	0	(8,150)	(8,150)
Total business-type activities	93,710	36,642	47,861	0	0	(9,207)	(9,207)
Total	<u>\$ 2,624,518</u>	<u>367,308</u>	<u>402,187</u>	<u>4,805</u>	<u>(1,841,011)</u>	<u>(9,207)</u>	<u>(1,850,218)</u>
General Revenues:							
Local tax for:							
General purposes				\$ 789,117	0		789,117
Capital outlay				47,405	0		47,405
Local option sales and services tax				132,309	0		132,309
Unrestricted state grants				1,012,229	0		1,012,229
Unrestricted investment earnings				30,475	53		30,528
Total general revenues				<u>2,011,535</u>	<u>53</u>		<u>2,011,588</u>
Changes in net assets				170,524	(9,154)		161,370
Net assets beginning of year				<u>1,491,060</u>	<u>21,698</u>		<u>1,512,758</u>
Net assets end of year				<u>\$ 1,661,584</u>	<u>12,544</u>		<u>1,674,128</u>

* This amount excludes the depreciation that is included in the direct expense of various programs.

SEE NOTES TO FINANCIAL STATEMENTS.

MOULTON-UDELL COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
Assets				
Cash and pooled investments:				
ISCAP (Note 5)	\$ 314,904	0	0	314,904
Other	301,522	225,160	180,997	707,679
Receivables:				
Property tax:				
Delinquent	23,155	0	3,881	27,036
Succeeding year	698,407	0	110,856	809,263
Income surtax	56,741	0	0	56,741
Interfund	15,396	0	1,098	16,494
Accounts	593	0	0	593
Accrued interest - ISCAP (Note 5)	2,002	0	0	2,002
Due from other governments	88,862	28,646	0	117,508
Prepaid items	20,586	0	0	20,586
Total Assets	\$ 1,522,168	253,806	296,832	2,072,806
Liabilities and Fund Balances				
Liabilities:				
Interfund payable	\$ 0	3,294	0	3,294
Accounts payable	64,799	266	106	65,171
ISCAP warrants payable (Note 5)	313,000	0	0	313,000
ISCAP accrued interest payable (Note 5)	2,005	0	0	2,005
ISCAP unamortized premium	3,823	0	0	3,823
Deferred revenue:				
Succeeding year property tax	698,407	0	110,856	809,263
Income surtax	56,741	0	0	56,741
Total liabilities	1,138,775	3,560	110,962	1,253,297
Fund balances:				
Reserved for:				
Early intervention	23	0	0	23
Beginning teacher mentoring	265	0	0	265
Teacher compensation	1,591	0	0	1,591
Professional development	1,931	0	0	1,931
Market factor	1,990	0	0	1,990
Unreserved	377,593	250,246	185,870	813,709
Total fund balances	383,393	250,246	185,870	819,509
Total Liabilities and Fund Balances	\$ 1,522,168	253,806	296,832	2,072,806

SEE NOTES TO FINANCIAL STATEMENTS.

MOULTON-UDELL COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008

Total fund balances of governmental funds (page 15)	\$ 819,509
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not report as assets in in the governmental funds.	787,750
Accounts receivable income surtax, are not yet available to finance expenditures of the current period.	56,741
Long-term liabilities, including early retirement are not due and payable in the current period and, therefore, are not reported as liabilities in governmental funds.	<u>(2,416)</u>
Net assets of governmental activites (page 13)	<u>\$ 1,661,584</u>

SEE NOTES TO FINANCIAL STATEMENTS.

MOULTON-UDELL COMMUNITY SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2008

	General	Capital Projects	Other Nonmajor Governmental Funds	Total
REVENUES:				
Local sources:				
Local tax	\$ 726,141	132,309	110,381	968,831
Tuition	167,784	0	0	167,784
Other	75,906	9,006	108,445	193,357
State sources	1,266,539	0	112	1,266,651
Federal sources	99,904	0	4,805	104,709
Total revenues	2,336,274	141,315	223,743	2,701,332
EXPENDITURES:				
Current:				
Instruction:				
Regular instruction	956,450	0	400	956,850
Special instruction	262,503	0	0	262,503
Other instruction	278,142	0	97,531	375,673
	1,497,095	0	97,931	1,595,026
Support services:				
Student services	14,557	0	0	14,557
Instructional staff services	76,783	5,458	4,957	87,198
Administration services	293,284	0	3,267	296,551
Operation and maintenance of plant services	183,230	0	31,076	214,306
Transportation services	154,563	0	6,810	161,373
	722,417	5,458	46,110	773,985
Other expenditures:				
Facilities acquisitions	0	98,111	4,805	102,916
AEA flowthrough	80,196	0	0	80,196
	80,196	98,111	4,805	183,112
Total expenditures	2,299,708	103,569	148,846	2,552,123
Excess of revenues over expenditures	36,566	37,746	74,897	149,209
Other financing sources(uses):				
Transfers in	989	0	0	989
Transfers out	0	0	(989)	(989)
Total other financing sources(uses)	989	0	(989)	0
Net change in fund balances	37,555	37,746	73,908	149,209
Fund balances beginning of year	345,838	212,500	111,962	670,300
Fund balances end of year	\$ 383,393	250,246	185,870	819,509

SEE NOTES TO FINANCIAL STATEMENTS.

MOULTON-UDELL COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 JUNE 30, 2008

Net change in fund balances - total governmental funds (page 17) \$ 149,209

*Amounts reported for governmental activities in the
 statement of activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 82,505	
Depreciation expense	(67,347)	15,158

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets.

1,065

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Early retirement

5,092

Changes in net assets of governmental activities (page 14)

\$ 170,524

SEE NOTES TO FINANCIAL STATEMENTS.

MOULTON-UDELL COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2008

	<u>School</u> <u>Nutrition</u>
Assets	
Cash and pooled investments	\$ 741
Accounts receivable	1,045
Due from other governments	39
Inventories	5,088
Capital assets, net of accumulated depreciation (Note 6)	18,831
Total assets	<u>25,744</u>
Liabilities	
Interfund payable	<u>13,200</u>
Net Assets	
Investment in capital assets, net of related debt	18,831
Unrestricted	(6,287)
Total net assets	<u>\$ 12,544</u>

SEE NOTES TO FINANCIAL STATEMENTS.

MOULTON-UDELL COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2008

	<u>School Nutrition</u>
OPERATING REVENUE:	
Local sources:	
Charges for services	\$ 36,642
OPERATING EXPENSES:	
Support services:	
Administration services:	
Other	310
Operation and maintenance of plant services:	
Services	747
Total support services	<u>1,057</u>
Non-instructional programs:	
Salaries	30,787
Benefits	4,030
Services	990
Supplies	53,398
Other	11
Depreciation	3,437
Total non-instructional programs	<u>92,653</u>
TOTAL OPERATING EXPENSES	<u>93,710</u>
OPERATING LOSS	<u>(57,068)</u>
NON-OPERATING REVENUES:	
State sources	1,262
Federal sources	46,599
Interest on investments	53
TOTAL NON-OPERATING REVENUES	<u>47,914</u>
Net loss	(9,154)
Net assets beginning of year	<u>21,698</u>
Net assets end of year	<u>\$ 12,544</u>

SEE NOTES TO FINANCIAL STATEMENTS.

MOULTON-UDELL COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2008

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 34,397
Cash received from miscellaneous	479
Cash payments to employees for services	(34,817)
Cash payments to suppliers for goods or services	(50,939)
Net cash used in operating activities	<u>(50,880)</u>
Cash flows from non-capital financing activities:	
Borrowings from General Fund	11,200
State grants received	1,262
Federal grants received	39,591
Net cash provided by non-capital financing activities	<u>52,053</u>
Cash flows from investing activities:	
Interest on investments	<u>53</u>
Net increase in cash and cash equivalents	1,226
Cash and cash equivalents at beginning of year	<u>(485)</u>
Cash and cash equivalents at end of year	<u>\$ 741</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (57,068)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Commodities consumed	6,969
Depreciation	3,437
Increase in inventories	(2,452)
Increase in accounts receivable	(1,045)
Decrease in unearned revenue	(721)
Net cash used in operating activities	<u>\$ (50,880)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET:	
Current assets:	
Cash and pooled investments	<u>\$ 741</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:	

During the year ended June 30, 2008, the District received Federal commodities valued at \$6,969.

SEE NOTES TO FINANCIAL STATEMENTS.

MOULTON-UDELL COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

(1) **Summary of Significant Accounting Policies**

The Moulton-Udell Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Moulton and Udell, Iowa, and the predominate agricultural territory in Appanoose and Davis Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Moulton-Udell Community School District has included all funds, organizations, Account groups, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Moulton-Udell Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Appanoose and Davis Counties Assessors' Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net asset consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District's proprietary funds is the School Nutrition Fund. The Nutrition fund is used to account for the food service operations of the District.

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is

incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in the governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2007.

Interfund Receivables and Payables - During the course of its operations, the District has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2008 balances of interfund accounts receivable or payable have been recorded.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, machinery and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,000
Buildings	10,000
Land improvements	10,000
Machinery and equipment:	
School Nutrition Fund equipment	500

Property, machinery and equipment are depreciated using the straight line method of depreciation over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	50 years
Land improvements	20-50 years

Salaries and Benefits Payable - Payroll and related expenditures for extra duties and curriculum work for the current school year, which is paid in July and August, have been accrued as liabilities.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the statement of net assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Unearned Revenue - Unearned revenues in the School Nutrition Fund are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The revenue will be considered earned when services are provided. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary Funds.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Balances - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) **Cash and Pooled Investments**

The District's deposits at June 30, 2008 were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2008, the District had investments in the Iowa Schools Joint Investment Trust as follows:

Diversified Portfolio

	<u>Amortized</u>
	<u>Cost</u>
	<u>\$ 11,962</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk. The investments in the Iowa Schools Joint Investment Trust were both rated Aaa by Moody's Investors Service.

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2008 is as follows:

Receivable Fund	Payable Fund	Amount
PPEL	Capital Projects	\$ 1,098
General	Capital Projects	2,196
General	School Nutrition	13,200
		<u>\$ 16,494</u>

(4) Transfers

The detail of transfers for the year ended June 30, 2008 is as follows:

Transfer to	Transfer from	Amount
General	Student Activity	\$ 989

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

(5) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP at June 30, 2008 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2007-08B	1/23/08	1/23/09	\$ 131,421	1,932	131,000	1,951
2008-09A	6/26/08	6/25/09	183,483	70	182,000	54
Total			<u>\$ 314,904</u>	<u>2,002</u>	<u>313,000</u>	<u>2,005</u>

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2008 is as follows:

Series	Balance		Advances Received	Advances Repaid	Balance End of Year
	Beginning of Year				
2007-08A	\$ 0	50,000	50,000		0
2007-08B	0	50,000	50,000		0
Total	\$ 0	100,000	100,000		0

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
2007-08A	4.500%	5.448%
2007-08B	3.750%	3.451%
2008-09A	3.500%	3.469%

(6) Capital Assets

Capital assets activity for the year ended June 30, 2008 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,000	0	0	2,000
Total capital assets not being depreciated	2,000	0	0	2,000
Capital assets being depreciated:				
Buildings	1,491,397	0	0	1,491,397
Land improvements	25,947	0	0	25,947
Machinery and equipment	533,450	82,505	0	615,955
Total capital assets being depreciated	2,050,794	82,505	0	2,133,299
Less accumulated depreciation for:				
Buildings	821,582	29,428	0	851,010
Land improvements	2,507	1,298	0	3,805
Machinery and equipment	456,113	36,621	0	492,734
Total accumulated depreciation	1,280,202	67,347	0	1,347,549
Total capital assets being depreciated, net	770,592	15,158	0	785,750
Governmental activities capital assets, net	\$ 772,592	15,158	0	787,750

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
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Business-type activities:

Machinery and equipment	\$ 66,680	0	0	66,680
Less accumulated depreciation	44,412	3,437	0	47,849
Business-type activities capital assets, net	\$ 22,268	(3,437)	0	18,831

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular \$ 121

Support services:

Instructional staff 2,220

Operation and maintenance of plant services 10,949

Transportation 23,331

36,621

Unallocated depreciation 30,726

Total governmental activities depreciation expense \$ 67,347

Business-type activities:

Food services \$ 3,437

(7) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2008 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Capitalized lease obligations	\$ 1,065	0	1,065	0	0
Early Retirement	7,508	0	5,092	2,416	2,416
Total	\$ 8,573	0	6,157	2,416	2,416

(8) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.90% of their annual covered salary and the District is required to contribute 6.05% of annual covered payroll for the years ended June 30, 2008, 2007 and 2006. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2008, 2007, and 2006 were \$80,547, \$75,654, and \$72,420, respectively, equal to the required contributions for each year.

(9) Risk Management

Moulton-Udell Community School District is a member in the Iowa School Employees Benefits Association, an Iowa Code Chapter 28E organization. The Iowa School Employees Benefits Association (ISEBA) is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. ISEBA was formed in July 1999 for the purpose of managing and funding employee benefits. ISEBA provides coverage and protection in the following categories: Medical, dental, vision and prescription drugs.

Each members' contributions to the ISEBA funds current operations and provides capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, ISEBA's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital.

The District's contributions to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2008 were \$207,451.

Payments from participating members are the sole source for paying claims and establishing reserves for the ISEBA self-funded

programs. Stop loss insurance is purchased by ISEBA to protect against large claims but the potential exists for claims to exceed the premium payments made by members into the program. In the event that claims exceed premiums and reserves, an assessment may be necessary to pay claims and replenish reserves in the program.

The District does not report a liability for losses in excess of stop loss insurance unless it is deemed probable that such losses have occurred and the amount of such a loss can be reasonably estimated. Accordingly, at June 30, 2008 no liability has been recorded in the District's financial statements. As of June 30, 2008 settled claims have not exceeded the risk pool or reinsurance company coverage.

Members agree to continue membership in the pool for a period of not less than one full year. After such a period, a member who has given 30 days prior written notice may withdraw. ISEBA will pay claims incurred before the termination date.

Moulton-Udell Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(10) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$80,196 for the year ended June 30, 2008 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(11) Deficit Unrestricted Net Assets

The Enterprise, School Nutrition Fund had deficit unrestricted net assets of \$6,287 at June 30, 2008.

REQUIRED SUPPLEMENTAL INFORMATION

MOULTON-UDELL COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON OF REVENUES, EXPENDITURES AND
 CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS
 AND PROPRIETARY FUNDS
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2008

	Governmental	Proprietary		Budgeted Amounts		Final to
	Funds	Funds	Total			Actual
	Actual	Actual	Actual	Original	Final	Variance
Revenues:						
Local sources	\$ 1,329,972	36,695	1,366,667	1,269,234	1,269,234	97,433
State sources	1,266,651	1,262	1,267,913	1,265,977	1,265,977	1,936
Federal sources	104,709	46,599	151,308	172,042	172,042	(20,734)
Total revenues	2,701,332	84,556	2,785,888	2,707,253	2,707,253	78,635
Expenditures:						
Instruction	1,595,026	0	1,595,026	1,617,625	1,715,500	120,474
Support services	773,985	1,057	775,042	799,792	850,000	74,958
Non-instructional programs	0	92,653	92,653	99,500	99,500	6,847
Other expenditures	183,112	0	183,112	277,682	327,500	144,388
Total expenditures	2,552,123	93,710	2,645,833	2,794,599	2,992,500	346,667
Excess(deficiency) of revenues over(under) expenditures	149,209	(9,154)	140,055	(87,346)	(285,247)	(425,302)
Balances beginning of year	670,300	21,698	691,998	590,799	590,799	101,199
Balances end of year	\$ 819,509	12,544	832,053	503,453	305,552	526,501

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

MOULTON-UDELL COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2008

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparison for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis. Encumbrances are not recognized on the GAAP basis budget and appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functional areas, not by fund or fund type. These four functional areas are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$197,901.

OTHER SUPPLEMENTAL INFORMATION

MOULTON-UDELL COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2008

	Special Revenue Funds				
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Expendable Trust	Total
Assets					
Cash and pooled investments	\$ 46,843	56,352	71,184	6,618	180,997
Receivables:					
Property tax:					
Current year delinquent	2,214	0	1,667	0	3,881
Succeeding year	62,500	0	48,356	0	110,856
Interfund	0	0	1,098	0	1,098
Total Assets	\$ 111,557	56,352	122,305	6,618	296,832
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 0	106	0	0	106
Deferred revenue:					
Succeeding year property tax	62,500	0	48,356	0	110,856
Total liabilities	62,500	106	48,356	0	110,962
Fund Balances:					
Unreserved fund balances	49,057	56,246	73,949	6,618	185,870
Total liabilities and fund balances	\$ 111,557	56,352	122,305	6,618	296,832

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

MOULTON-UDELL COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2008

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Expendable Trust	
REVENUES:					
Local sources:					
Local tax	\$ 62,976	0	47,405	0	110,381
Other	4,749	101,051	2,176	469	108,445
State sources	64	0	48	0	112
Federal sources	0	0	4,805	0	4,805
TOTAL REVENUES	67,789	101,051	54,434	469	223,743
EXPENDITURES:					
Current:					
Instruction:					
Regular instruction	0	0	0	400	400
Other instruction	0	97,531	0	0	97,531
Support services:					
Instructional staff	0	0	4,957	0	4,957
Administration services	3,267	0	0	0	3,267
Operation and maintenance of plant services	31,076	0	0	0	31,076
Student transportation	6,810	0	0	0	6,810
Other expenditures:					
Facilities acquisitions	0	0	4,805	0	4,805
TOTAL EXPENDITURES	41,153	97,531	9,762	400	148,846
EXCESS OF REVENUES OVER EXPENDITURES	26,636	3,520	44,672	69	74,897
OTHER FINANCING USES:					
Transfers out	0	(989)	0	0	(989)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	26,636	2,531	44,672	69	73,908
FUND BALANCES BEGINNING OF YEAR	22,421	53,715	29,277	6,549	111,962
FUND BALANCES END OF YEAR	\$ 49,057	56,246	73,949	6,618	185,870

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

MOULTON-UDELL COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 YEAR ENDED JUNE 30, 2008

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
SADD	\$ 5,062	770	2,108	3,724
Honor Society	1,005	248	346	907
Annual	13,146	2,013	7,403	7,756
Boys Athletics	10,667	611	9,413	1,865
Girls Athletics	208	8,305	8,313	200
Athletics	239	17,569	7,490	10,318
Cheerleaders	1,246	650	939	957
Drama	1,014	100	46	1,068
Student Council	3,885	15,805	14,486	5,204
FFA	5,527	15,938	15,314	6,151
FFA-IDA Project	0	5,750	4,382	1,368
Class of 2006	7	0	7	0
Class of 2007	84	0	33	51
Class of 2008	4,762	10,994	15,756	0
Class of 2009	107	14,453	7,777	6,783
Class of 2010	193	4,658	2,322	2,529
Class of 2011	35	67	0	102
Class of 2012	140	145	136	149
Class of 2013	84	75	0	159
Class of 2014	50	272	317	5
Class of 2015	257	234	316	175
Class of 2016	0	110	110	0
Class of 2017	84	15	0	99
Class of 2018	15	25	28	12
Class of 2020	0	416	361	55
Art Club	366	50	0	416
Spanish Club	33	30	0	63
Musicals	1,102	100	0	1,202
Elementary	3,883	625	625	3,883
High School	328	764	364	728
Instrumental Music	97	159	128	128
Speech	89	100	0	189
Total	\$ 53,715	101,051	98,520	56,246

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

MOULTON-UDELL COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUND TYPES
 FOR THE LAST FIVE YEARS

Modified Accrual Basis					
Years Ended June 30,					
	2008	2007	2006	2005	2004
Revenues:					
Local sources:					
Local tax	\$ 968,831	933,417	927,334	825,227	749,900
Tuition	167,784	100,334	205,102	128,700	150,002
Other	193,357	206,601	152,809	143,741	158,109
State sources	1,266,651	1,145,392	1,144,790	1,267,292	1,179,818
Federal sources	104,709	134,232	138,450	134,128	155,327
Total	<u>\$ 2,701,332</u>	<u>2,519,976</u>	<u>2,568,485</u>	<u>2,499,088</u>	<u>2,393,156</u>
Expenditures:					
Current:					
Instruction:					
Regular instruction	\$ 956,850	943,688	939,823	889,344	1,018,301
Special instruction	262,503	225,909	299,365	320,155	333,913
Other instruction	375,673	387,990	278,273	340,440	285,497
Support services:					
Student services	14,557	35,040	26,202	30,054	26,559
Instructional staff services	87,198	54,901	93,343	50,997	8,888
Administration services	296,551	327,621	309,408	286,564	302,959
Operation and maintenance of plant services	214,306	225,573	221,438	171,432	211,273
Transportation services	161,373	167,167	116,802	113,475	105,441
Non-instructional programs	0	0	0	260	225
Other expenditures:					
Facilities acquisitions	102,916	90,311	41,460	21,614	0
Long-term debt:					
Principal	0	12,792	12,792	24,740	46,175
Interest	0	399	384	1,486	2,120
AEA flow-through	80,196	77,328	76,283	77,230	77,390
Total	<u>\$ 2,552,123</u>	<u>2,548,719</u>	<u>2,415,573</u>	<u>2,327,791</u>	<u>2,418,741</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

NOLTE, CORNMAN & JOHNSON P.C.

Certified Public Accountants

(a professional corporation)

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Education of the
Moulton-Udell Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Moulton-Udell Community School District of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated January 19, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Moulton-Udell Community School District internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Moulton-Udell Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Moulton-Udell Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Moulton-Udell Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Moulton-Udell Community School District's financial statements that is more than inconsequential will not be prevented or detected by Moulton-Udell Community School District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Moulton-Udell Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item I-A-08 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Moulton-Udell Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Moulton-Udell Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Moulton-Udell Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Moulton-Udell Community School District and other parties to whom Moulton-Udell Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Moulton-Udell Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


NOLTE, CORNMAN & JOHNSON, P.C.

January 19, 2009

MOULTON-UDELL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2008

Part I: Findings Related to the Basic Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

- I-A-08 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal were all done by the same person.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - The District will continue to examine options to maximize segregation of duties.

Conclusion - Response accepted.

- I-B-08 Student Activity Fund - During our audit issues arose about the properness of certain expenditures paid from the Student Activity Fund. Inappropriate expenditures would include any expenditure more appropriate to other funds. The student activity fund shall not be used as a clearing account for any other fund. This is not an appropriate fund to use for public tax funds, trust funds, state and federal grants or aids, textbook/library book fines, fees, rents, or sales, textbook/library book purchases, sales of school supplies, curricular activities, or any other revenues or expenditures more properly included in another fund. Moneys in this fund shall be used to support only the cocurricular program defined in department of education administrative rules (298A.8). Fundraisers and donations made to the school should be recorded in the fund in which they could be expended.

Recommendation - The purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for the students established under Iowa Administrative Code 281--12.6(1). The District should review the propriety of receipts and expenditures that are recorded in the Student Activity Fund. It would appear the some of the accounts appear to be more administratively maintained in nature, rather than maintained by a club or organization. Therefore, they need to be corrected or transferred to the proper fund where these monies can be receipted and expended.

Donations from Target were recorded in the Student Activity Fund. These donations do not specify the purpose, other than instructional supplies; therefore, they should be receipted into the General fund for use in all instructional supplies/services.

Response - The District has made corrections and will continue to educate employees about what expenses and revenues can be coded to each of the funds to avoid these issues in the future.

Conclusion - Response accepted.

MOULTON-UDELL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2008

Part II: Other Findings Related to Required Statutory Reporting

- II-A-08 Certified Budget - District expenditures for the year ended June 30, 2008, did not exceed the amount budgeted.
- II-B-08 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- II-C-08 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-08 Business Transactions - No business transactions between the District and District officials were noted.
- II-E-08 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- II-F-08 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.
- II-G-08 Certified Enrollment - We noted a variance in the basic enrollment data certified to the Department of Education. The number of students which were reported on Line 1 was understated by one student.

Recommendation - The District should contact the Iowa Department of Education and the Department of Management to resolve this matter.

Response - The District will pursue getting credit for the student.

Conclusion - Response accepted.

- II-H-08 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- II-I-08 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely, and we noted no significant deficiencies in the amounts reported.
- II-J-08 Financial Condition - The District had a deficit unrestricted net assets of \$6,287 in the Enterprise - School Nutrition fund.

Recommendation - The District should continue to monitor this fund and investigate alternatives to eliminate the deficit.

Response - The District has increased lunch prices and has sought assistance from the Department of Education on improving cost effectiveness. The District will continue to examine other options.

Conclusion - Response accepted.